

Notwithstanding the fact that the sales may be at retail, the Retailers' Occupation Tax does not apply to sales of machinery and equipment, both new and used and including that manufactured on special order, used or leased for use primarily in production agriculture or for use in State or Federal agricultural programs, including any individual replacement part for such machinery and equipment. See 86 Ill. Adm. Code 130.305. (This is a GIL.)

August 10, 2006

Dear Xxxxx:

This letter is in response to your letter received in the Legal Services Office on April 20, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at [www.ILTAX.com](http://www.ILTAX.com) to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

Please tell me when the following items would be considered state sales tax exempt?

Lawn Tractors, Lawn Mowers, Mid Mount Finish Mowers, Garden Tractors, Rear Mount Finish Mowers, any other product manufactured primarily for the use finish mowing?

Thank you for your help.

## **DEPARTMENT'S RESPONSE**

We do not have enough information about how the items mentioned are used to tell you whether they would be considered exempt from sales tax. If any of these items were exempt, it would most likely be under the farm machinery and equipment exemption at 86 Ill. Adm. Code 130.305.

Under the farm machinery and equipment exemption from sales tax, notwithstanding the fact that the sales may be at retail, the Retailers' Occupation Tax does not apply to sales of machinery and equipment, both new and used and including that manufactured on special order, used or leased for use primarily in production agriculture or for use in State or Federal agricultural programs,

including any individual replacement part for such machinery and equipment. A purchaser must certify to the use of the equipment to obtain the exemption.

Production agriculture is the raising of or the propagation of livestock, crops for sale for human consumption; crops for livestock consumption; and production seed stock grown for the propagation of feed grains and the husbandry of animals or, for the purpose of providing a food product, including the husbandry of blood stock as a main source of providing a food product. Production Agriculture also includes animal husbandry, floriculture, aquaculture, horticulture and viticulture.

For further information regarding this exemption, we suggest that you take a look at the Department's regulation regarding Farm Machinery and Equipment

If you require additional information, please visit our website at [www.ILTAX.com](http://www.ILTAX.com) or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

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Associate Counsel

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